

(2022) 02 DEL CK 0038

In the Delhi High Court

Case No : Civil Writ Petition No. 5080, 6060 Of 2021, Civil Miscellaneous No. 15548, 18754, 19197 Of 2021

Vijay Kumar Yadav & Ors.

APPELLANT

Vs

Union Of India And Anr

RESPONDENT

Date of Decision : 07-02-2022

Acts Referred:

Contract Labour (Regulation & Abolition) Central Rules, 1971 — Rule 25(2)(v)(a)
Contract Labour (Regulation & Abolition) Act, 1970 — Section 10, 10(2)(a), 10(2)(b), 10(2)(c), 10(2)(d), 31

Citation : (2022) 02 DEL CK 0038

Hon'ble Judges : Rajiv Shakdher, J; Talwant Singh, J

Bench : Division Bench

Advocate : Rajesh Mohan Sinha, Maninder Acharya, Om Prakash, Pradeep Kumar Tripathi, Anil Kapoor, Viplav Acharya, Shikhar Kishore, Saroj Bidawat

Final Decision : Disposed Of

Judgement

Rajiv Shakdher, J

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Preface:

1. Shorn of unnecessary details, the grievance which has impelled the petitioners

to approach this Court is briefly this:

1.1. The petitioners, who are regular employees of respondent no.2 i.e., the Food Corporation of India [hereafter referred to as "FCI"] apprehend

being transferred en bloc from FCI Food Storage Depots [in short "FSDs"] located at Shakti Nagar and Mayapuri to depots located at Okhla and

other locations.

1.2. It is the petitioners' case that both depots i.e., FCI FSDs located at Shakti Nagar and Mayapuri, where they are presently located, have

notifications issued qua them, under Section 10 of the Contract Labour (Regulation & Abolition) Act, 1970 [in short "CLRA Act"]. Thus,

according to the petitioners, once the notification under Section 10 of the CLRA Act was issued, the FCI could not have deployed contract labour in

the aforementioned depots [i.e., FSD Shakti Nagar and FSD Mayapuri], and therefore, in pursuing this course, FCI has whittled down their legal

rights, by attempting to redeploying/transferring them en bloc to another depot.

1.3. It is on account of this grievance that the petitioners have approached this Court by way of the above-captioned writ petitions, to assail e-tender

notice no.4/2021 dated 01.03.2021 and e-tender notice no.5/2021 dated 23.06.2021. Insofar as e-tender notice no.4/2021 is concerned, it is assailed in

W.P.(C)No.5080/2021, while e-tender notice no.5/2021 has been challenged in W.P.(C)No.6060/2021.

2. At this stage, it would be relevant to note that after the matters were reserved, an affidavit dated 29.10.2021 was filed in W.P.(C) No.6060/2021 on

behalf of FCI, stating that e-tender notice no.5/2021 dated 23.06.2021 had been cancelled on 12.10.2021; an aspect which was alluded to across the

bar in the course of the hearing.

2.1 Given this position, we had, in the course of the hearing, tried to ascertain from the counsel appearing on behalf of FCI, as to whether FCI would

be issuing a fresh tender for engaging contractual labour at FSD Mayapuri. Since we did not get a clear response, hearing in the concerned writ

petition i.e., W.P.(C)No.6060/2021 was also continued, along with W.P.(C)No.5080/2021.

3. It would be worthwhile to note, at this juncture, that FCI banks upon the notification dated 06.07.2016, issued by the appropriate government

[respondent no.1 i.e., the Government of India (GOI)] under Section 31 of the

CLRA Act, to contend that the notifications issued under Section 10 of the very same Act, qua the depots covered under it have been rendered inefficacious. Thus, insofar as FSD Shakti Nagar is concerned, FCI contends that the prohibition against the engagement of contractual labour is no longer applicable. As regards FSD Mayapuri is concerned, FCI's stand is that notification under Section 10 of the CLRA Act has not been issued by the appropriate government, and, therefore, the objection taken by the petitioners vis-a-vis FSD Shakti Nagar would not be applicable in the case of FSD Mayapuri.

3.1 It is, however, not disputed by FCI that since the notification dated 06.07.2016 had a limited span of two years, it was extended twice i.e., on 26.06.2018 and 25.06.2020.

3.2 It is also not disputed by FCI that notifications dated 06.07.2016 and 26.06.2018 are the subject matter of challenge in W.P.(C) No.7627/2016, titled FCI Handling Workers Union vs. Union of India & Ors., and W.P.(C) No.7241/2016, titled Food Corporation of India Shramik Union vs. Union of India & Anr., which are pending adjudication before the learned single judge. The petitioners and FCI are at odds concerning the challenge to the notification dated 25.06.2020, whereby the duration of the initial notification dated 06.07.2016 was extended post 26.06.2018.

3.3 The record shows (something which is not disputed by FCI) that interim orders dated 13.09.2017 and 13.11.2017 were passed in W.P.

(C)No.7241/2016 and W.P.(C) No. 7627/2016, respectively. It is also not in dispute that, via two separate orders dated 04.02.2019 in W.P.(C)

No.7241/2016 and W.P.(C) No.7627/2016, the interim orders dated 13.09.2017 and 13.11.2017 were made absolute by the learned single judge.

Importantly, the order dated 13.11.2017, passed in W.P.(C)No.7627/2016, was predicated on the order dated 13.09.2017 passed in W.P.

(C)No.7241/2016. Although liberty was given by the learned single judge, while making the order absolute on 04.02.2019 [in W.P.(C) No.7627/2016]

to seek vacation of the interlocutory order i.e., order dated 13.11.2017, nothing has been brought to our notice which would indicate that the said

order(s) stands vacated. This aspect was noticed by us while passing an interlocutory order on 06.05.2021, in W.P.(C) No.5080/2021.

Time is sought on behalf of the respondents to file reply to the CM

No.32805/2017 which be filed within a period of one week.

Renotify for hearing on 21st September, 2017 at 12:30 P.M. Transfer orders, if not yet implemented, be not implemented till the next date of hearing.

A copy of order be given dasti to both the sides.â??

â??CM No. 39869/2017

Heard. Learned counsel for the petitioner relied upon order dated 13.09.2017 passed in W.P. 7241/2016 and CM No. 32805/2017.

Learned counsel for the respondent submits that the petitioner has concealed the material facts in the petition and hence, they are not entitled for the stay.

In view of the submissions made in the application, transfer orders, if not yet implemented, be not implemented till the next date of hearing.

Reply be filed within two weeks. Response thereto, if any, be filed within one week thereafter. Renotify on 11.12.2017, the date already

fixedâ?|.â??

4. It may also be relevant to note that at one juncture, the parties were asked to attempt a settlement in the matter. We were informed that the deliberations carried out by representatives of parties did not fructify into a firm settlement agreement.

Background:-

5. FCIâ??s main plank in defence of its action in engaging contractual workers is pivoted on the judgment rendered by the Bombay High Court

(Nagpur Bench) in a public interest petition i.e., PIL No.84/2014, dated 20.11.2015. The Division Bench issued a slew of directions to FCI, which are

contained in paragraph 30 of the judgment. These directions read as follows:

â?? 30. In that view of the matter, we dispose of the present Public Interest Litigation by passing the following order.

(i) The Government of India is directed to decide the representation made by the Food Corporation of India for grant of exemption under

the provisions of Section 31 of the said Act within a period of one month from today, in the light of observations made by us hereinabove

within a period of one month from today.

(ii) The Government of India shall decide the issue regarding de-notification of

the depots of the Food Corporation of India, in respect of which notification is issued u/s. 10 of the said Act, within a period of six months from today, in the light of observations made by us hereinabove and the report of M/s Deloitt Consultancy and the report of the High-Level Committee appointed by the Government of India itself.

(iii) We clarify that the respondent/Food Corporation of India would be entitled to transfer the services of departmental labourers from one

depot to another subject to protecting their salary and all other service conditions.

(iv) We also clarify that the respondent/Corporation would be at liberty to implement its policy of change in the Scheme of incentives.

(v) The Government of India shall also take a decision regarding abolition of system of departmental labourers in a phased manner or

absorbing their services in other establishments as recommended by the High Level Committee.â??

5.1. Being aggrieved, the FCI Workers Union, FCI Shramik Union and FCI Handling Workersâ?? Union had carried the matter in appeal to the

Supreme Court. These matters were registered as SLP(C) (CC) Nos.136/2016, 913/2016 and 11465/2016.

5.2. On 08.07.2016, the Supreme Court issued notice in the aforementioned SLPs and made the following observations in paragraph 3 of its order:

â??We make it clear that the pendency of the present proceedings shall not prevent the petitioners from filing a petition, if so advised, to

challenge the notification issued under Section 31 of the Act on all such grounds as are legally open to itâ?!.â??

5.3 The final order in the aforesaid SLPs was passed on 31.07.2017, which reads as follows:

â??1. We do not see any merit in these special leave petitions, which are hereby dismissed. We make it clear that this order shall not prevent

the petitioners â?? Food Corporation of India Workers Union/Food Corporation of India Shramik Union/FCI Handling Workers Union, to

challenge any order, passed in furtherance of the directions issued in the impugned order (dated 20.11.2015), in appropriate proceedings

before an appropriate Court.

2. In case, such a challenge is raised by the petitioner(s), in continuation of the liberty granted to the petitioner(s), the claim raised by the

petitioner(s) shall be considered in accordance with law, uninfluenced by any observations made by the High Court in the impugned order

(dated 20.11.2015).â??

5.4. Thus, the challenge raised by the FCI Shramik Union and FCI Handling Workersâ?? Union to the Section 31 notifications, issued under the

CLRA Act, in W.P.(C) Nos.7627/2016 and 7241/2016 has to be foregrounded in the liberty given by the Supreme Court, via the aforementioned

orders.

6. Given this, what is required to be examined is whether FCI could engage and deploy contract labour in FSD Shaktinagar and FSD Mayapuri, and, to

effectuate this purpose, carry out en bloc transfer of employees from the said notified depots to other depots.

6.1. There can be no gainsaying that transfer is an incident of service and unless the transfer is carried out for mala fide purpose or against the

provisions of a statute or policy, an order passed to that effect, that is transferring an employee from one location to another without altering his terms

of service, cannot be interdicted.

6.2. The FCI, in support of its plea that petitioners cannot resist transfer, although, it is an en masse transfer from one location to another, has adverted

to Clause 5 of Certified Standing Orders (CSO). The said clause reads as follows:

â??Workers shall be liable to be transferred from one place of work to another place of work of the Corporation as per practice in

existence with a whole gang, except in the case of request for transfer from the individual worker.â??

6.3. Furthermore, in support of this plea, FCI has also relied upon its guidelines dated 12.07.2016. These guidelines were framed for the

implementation of exemption notification dated 06.07.2016, issued under Section 31 of the CLRA Act. A bare perusal of the said guidelines would

show that it broadly adverts to the following aspects:

(i) That notification dated 06.07.2016 was issued in pursuance of the directions contained in the judgment of the Nagpur Bench of Bombay High Court

dated 20.11.2015, passed in PIL No.84/2014.

(ii) The said notification has exempted depots and railheads of FCI from the applicability of all earlier notifications specified therein for two years,

subject to the compliance of conditions specified in Rule 25(2)(v)(a) of the Contract Labour (Regulation & Abolition) Central Rules, 1971 (in short

the CLRA Rules).

(iii) Out of the 289 depots and railheads, which stood notified [pursuant to 13 notifications issued under Section 10 of CLRA Act], 226 were exempted,

as they were covered under notification dated 06.07.2016. Resultantly, FCI could reorganize and rationalize its workers working under various

systems [i.e., Departmental System (DS); Direct Payment System (DPS) and No Work No Pay System (NWNPS)], by pooling and locating them

into fewer depots, as per operational requirements, so that the optimum number of workers is deployed to carry out FCI operations, in an efficient

manner.

6.4. In the interregnum i.e., between the time the judgment of the Bombay High Court (Nagpur Bench) dated 20.11.2015 was rendered and

notification dated 06.07.2016 was issued by the appropriate government which were sought to be implemented by FCI through guidelines dated

12.07.2016 to reorganize and rationalize the deployment of its workers for enhancing its operational efficiency, FCI had, in the first instance, moved

the Central Advisory Contract Labour Board (in short Central Board) for seeking exemption under Section 31 of the CLRA Act. The Central

Board, at its 88th Meeting held on 30.03.2016 and 31.03.2016 repelled these attempts. The relevant parts of the minutes of the 88th Meeting of the

Central Board, which are captured in a document dated 13.04.2016, read as follows:

Item No. 5: Consideration of the request of the Ministry of Consumer Affairs, Food and Public Distribution, Department of Food and

Public Distribution, for seeking exemption under section 31 of Contract Labour (R&A) Act, 1970 from the purview of various notifications

prohibition employment of contract labour in various jobs of loading/unloading, stacking, de-stacking, weighment, sweeping and cleaning in

the 128 and 98 railheads and depots respectively in all 226 depots/railheads of FCI. (S. 16012/2011-LW).

The representatives of five Workers' Union and that of the FCI Management were

present. The CACLB took note of the directions of the

Hon'ble Bombay High Court, Nagpur Division Bench in PIL No. 84. of 2014 dated 20.11.2015. The Board heard the representatives of FCI

Management and their lawyer, and the representatives of the respective Worker's Unions.

Â The Trade Unions submitted before prohibitory notifications issued by the Central Government in respect of 226 Rail Heads and Depots should not be considered.

Â The FCI management submitted that the main functions of FCI are procurement, transportation, storage and distribution of food grains.

These functions by their very nature are seasonal and sporadic. It was submitted that the workload in FCI depots is not uniform on all days

and the trend of procurement is absolutely uneven across the months of any year. It was pleaded that the similar type of work is not

ordinarily being done by the regular workmen in other organisations like Central Warehousing Corporation and various State

Warehousing Corporations. FCI submitted that the notifications prohibiting engagement of contract labour in 226 depots are based on

arbitrary yardsticks and are contrary to the provisions of CL9R&A) Act. FCI requested that the prohibitory notifications issued so far in

respect of 226 depots may be de-notified and the FCI depots/Railheads may be exempted from the provisions of CL (R&A) Act without

conditions and any fixed period: 'As per the submission made before the CACLB, the FCI intended to phase out regular employees (some of

them are getting salary including allowances upto Rs. 4 Lakh a month) based on the recommendations made by the High Power Committee

and the Deloitte International Consultancy.

Â FCI is planning to engage only contract labour in place of four categories (1) regular employees (2) Direct Pay System (3) No Work No

Pay (4) Contract Labour System. Further, in regard to the query of the Board in respect of emergency involved for seeking exemption, it

was admitted by the FCI that there is no fresh emergency as such in view of the fact that the jobs of loading/unloading, stacking, de-

stacking, weighment, the sweeping and cleaning being carried out in establishment are per se emergent in nature.

Â The Section 31 of the Act provides for exemption for a specific period in case of an emergency which reads as under:-

Â ""Power to exempt in special cases- The appropriate Government may, in the case of an emergency, direct, by notification in the Official

Gazette, that subject to such conditions and restrictions, if any, and for such period or periods, as may be specified in the Notification, all or

any of the provisions of this Act or the Rules made thereunder, shall not apply to any establishment or class or establishments or any class of

contractors.

Â The Board was of the view that there is no provision in the Act in regard to de-notification of a prohibitory notification. In this regard the

Board had asked the FCI management to submit the outcome of implementation of the exemption notification dated 03.05.2012 and the cost

cutting measures undertaken during the period of exemption. T may be mentioned that vide the exemption notification dated 03.05.2012, 29

godowns and depots of FCI were granted exemption from the applicability of the notification dated 07.02.2011 for a period of 6 months

subject to compliance of the conditions as stipulated in Section 25 (2)(v)(a) of Contract Labour (Regulation & Abolition) Central Rules,

1971. The CACLB asked in regard to the implementation of the aforesaid exemption notification, FCI Management informed that the said

exemption granted by the Central Government could not be availed as the FCI management has made some alternative arrangement in order

to deal with the situation at hand. FCI did not come out and submit their Action Plan of Rationalization in support of their request for grant

of exemption.

Â The Board was of the view that blanket exemption in respect of 226 Depots could not be possible because CACLB can examine the

cases/requests for grant of exemption case-wise/establishment-wise. The Board was of the view that the Depotwise/establishment-wise

reasons for exemption along with the nature of emergency involved should have been furnished by FCI to enable the Board to examine the

exemption request.

Â In view of above explained reasons, the CACLB unanimously decided not to accept the request of the FCI for grant of exemption for

following reasons: The ground of emergency submitted by FCI is not establishment-wise /depot-wise and not specific. The non-production of

future rationalization action plan of the establishment;

FCI seeking blanket exemption for entire establishment without conditions and without fixed period which cannot be granted as per Section

31 of CL (R&A) Act, 1970.â??

Â [Emphasis is ours.]

6.5. We may note that the FCI did not agree with the conclusions reached by the Central Board, which is reflected in a document titled

â??COMMENTS ON BEHALF OF FOOD CORPORATION OF INDIA WITH REFERENCE TO THE MINUTES OF 88TH MEETING OF

CACLB DATED 13.04.2016â??.

6.6. As is obvious, FCI having failed to persuade the Central Board, thereafter, approached the appropriate government for exemption of the

notifications under Section 31 of the CLRA Act which, as noted above, was issued on 06.07.2016, albeit, for a period of two years, and, thereafter,

followed by the notifications dated 26.06.2018 and 25.06.2020.

6.7. After the guidelines dated 12.7.2016, another communication dated 31.12.2020 was issued by FCI to rationalize â??labour strengthâ??.

7. With this foreground, and at this stage, it would be relevant to record the contentions advanced on behalf of the petitioners and FCI. Insofar as the

petitioners are concerned, the submissions were advanced by Mr Rajesh Mohan Sinha, while on behalf of FCI, arguments were advanced by Ms

Maninder Acharya, learned senior counsel, in W.P.(C) No.5080/2021, and in the other connected writ petition i.e., W.P.(C) No.6060/2021, Mr Om

Prakash held the field on behalf of FCI, and adopted the arguments advanced by Ms Acharya.

7.1. Although notice was issued to all respondents including GOI [i.e., respondent no.1] in the above-captioned writ petitions i.e., on 06.05.2021 [in

W.P.(C) No.5080/2021] and on 09.07.2021 [in W.P.(C) No.6060/2021], and, an opportunity was granted to file counter-affidavit(s), no counter-

affidavit(s) were filed by respondent no.1/ GOI to convey its stand vis-a-vis the issues at hand.

Submissions on behalf of the petitioners:-

8. Mr Sinha, broadly, contended as follows:

(i) FCI, in transferring the petitioners' en bloc, was attempting to do indirectly, what it could not do directly vis-a-vis FSDs involved in the above-

captioned writ petitions, which were notified under Section 10 of CLRA Act and therefore, supplanting contract labour with petitioners in the very

same FSDs by employing the device of en bloc transfer, was illegal.

(ii) The first notification issued under Section 31 of the CLRA Act by the appropriate govt. i.e., notification dated 06.07.2016 exempted godowns,

depots and railheads of FCI from the applicability of notifications issued by it from time to time, spanning between 29.06.1989 and 07.02.2011 and the

notification issued by the State Government of Haryana dated 29.11.1985, in respect of employment of contract labour in different jobs for two years.

This notification, however, excluded 63 godowns, depots and railheads located in various parts of the country.

Â (iia) The notification dated 06.07.2016 was infused with fresh life with the issuance of the notification dated 26.06.2018. Like the 06.07.2016

notification, the 26.06.2018 notification also had a life span of two years. These two notifications are the subject matter of challenge in W.P.

(C)Nos.7627/2016 and 7241/2016. The concerned Court has granted an interim order. The FCI, to get around the interim order, once again,

approached the appropriate government for the issuance of yet another notification. This resulted in the appropriate government issuing the third

notification dated 25.06.2020, under the emergency power conferred upon it under Section 31 of the CLRA Act. Notwithstanding this situation, interim

orders dated 04.02.2019, passed, albeit separately, in W.P.(C) No.7267/2016 and W.P.(C) 7241/2016 continue to operate, which obliges FCI to

maintain the status quo, with regard to the transfer of the members of the petitioner unions concerned in the said writ petitions.

(iii) FCI's reliance on the judgment dated 20.11.2015 passed by the Bombay High Court (Nagpur Bench) in PIL No.84/2014 is misplaced, as

while the said judgment did issue directions, to the effect, that it could approach the appropriate government for issuance of a notification under

Section 31 of the CLRA Act and de-notification of notifications issued under Section 10, there was no direction issued for substitution of regular

employees stationed in notified depots, with contract labour.

(iv) The unreasonableness of FCI's action is discernible from the fact that although it had approached the Central Board for revisiting the issue

concerning the prohibition placed on FCI for engaging contract labour in respect of godowns, depots and railheads, qua which notification under

Section 10 of CLRA Act had been issued, it attempted to circumvent the decision of the Central Board taken in this behalf, at its 88th Meeting by

taking out the impugned tender notices i.e., e-tender notice nos.4/2021 and 5/2021.

(v) Even though, the Supreme Court dismissed the special leave petition filed by the FCI Workers' Union, it gave liberty to the FCI Workers' Union to assail any order passed in furtherance of the directions issued in the

judgment dated 20.11.2015, passed by the Bombay High Court (Nagpur Bench), in appropriate proceedings, by the appropriate government. The

Supreme Court also observed that in case any challenge is raised by the FCI Workers' Union in continuation of liberty granted to them, the same shall be

considered in accordance with the law uninfluenced by any observations made in the judgment dated 20.11.2015. In this context, reliance

was placed not only on the interim order dated 08.07.2015 but also on the final order dated 31.07.2017 passed by the Supreme Court in SLP(C) (CC)

Nos.136/2016, 11465/2016 and 913/2016 [which was converted into three SLP(C) Nos.19218-20/2016].

(vi). Therefore, it cannot be said that the aforementioned writ petitions are not maintainable, as it is the stated stand of FCI that the impugned e-tender

notices were taken out to deploy contract labour in FSD Shakti Nagar and FSD Mayapuri, in place of petitioners i.e., regular employees, even though

notifications under Section 10 of CLRA Act had been issued qua them.

(vii). There are three kinds of labour systems prevalent in FCI i.e., Departmental Labour System, Direct Payment System, No Work No Pay System

and with the engagement of contract labour, a fourth system was introduced, which is, the Contract Labour System. The petitioners' grievance in

the above-captioned writ petitions is the deployment of contract labour in storage depots, which stand notified under Section 10 of the CLRA Act.

Once a notification is issued under Section 10 of the CLRA Act by the appropriate government, after confabulation with the Central Board or as the

case may be with the State Board, there is a presumption in law that relevant

factors adverted to in Clause (a) to (d) in sub-section 2 of Section 10

had been taken into account. In particular, the notification of the appropriate government would exemplify that the process or operation or other work

carried out in the concerned establishment is perennial. Therefore, the impugned tender notices are nothing but an attempt to skirt the law.

Submissions on behalf of FCI

9. Ms Acharya on the other hand, broadly, contended as follows:

(i) After the Bombay High Court (Nagpur Bench) had rendered its decision on 20.11.2015, FCI took steps to rationalize its workforce. The disparity in

the wages payable to workmen, as noticed by the Court, impelled FCI to approach the appropriate government for the issuance of exemption

notifications under Section 31 of the CLRA Act. Thus, in line with the same approach, FCI issued the impugned tender notices for engagement of

contract labour.

(ii) The transfer of the petitioners from one depot to the other is being done without varying their service conditions. A transfer is an incident of

service and therefore, this Court ought not to interfere with the decision of FCI taken, in that behalf.

(iii) Insofar as the exemption notification dated 06.07.2016 and 26.06.2018 are concerned, they are the subject matter of challenge in W.P.

(C)No.7627/2016 & 7241/2016 and, therefore, this Court ought not to render a decision, qua these notifications as, if FCI were to fail, it would lose a

forum of appeal.

(iv) The decision of the Supreme Court, whereby SLPs preferred against the judgment of the Nagpur High Court dated 20.11.2015, were dismissed,

gave a pass-through to FCI to implement the directions issued via the said judgment. Therefore, the impugned e-tender notice which has been

published in furtherance of directions issued by the said High Court ought not to be interdicted by this Court.

(v) In case the petitioners are aggrieved, they should take recourse to remedies under the Industrial Disputes Act, 1947 [in short "the ID Act"].

[We may indicate herein that, although this submission is incorporated in the written submissions filed on behalf of the FCI, this was not pressed during

the arguments advanced before us.]

(vi) Several High Courts have declined to interfere with transfer orders concerning FCI workers, having regard to the judgment of the Bombay High

Court dated 20.11.2015. In any event, as indicated above, a transfer is an incident of service and in this regard, reference may be made to Clause 5 of

the Standing Orders which applies to the petitioners.

(vii) In support of the aforesaid submissions, reliance has been placed on the following judgments:

a. State of U.P. & Ors v. Gobardhan Lal, (2004) 11 SCC 402

b. Surendrasing Navalising Mahto & Ors v. UOI, passed by the Gujarat High Court in W.P.(C) No. 14738/2016, dated 19.10.2016

c. Ravi B. Ghorpade & Ors v UOI & Ors, passed by the Bombay High Court in Writ Petition (I) No.1935/2016, dated 20.07.2016

d. FCI Workers Union and Ors v. FCI & Ors, passed by the Kerela High Court in W.P.(C) No.35398/2016, dated 13.01.2017

e. Majeed H.K. and Ors v. The General Manager (Kerela) Food Corporation of India and Ors, passed by the Kerela High Court in W.P.(C)

No.2804/2018, dated 02.02.2018

f. Bhartiya Khadya Nigam Mazdoor Sangh and Ors vs FCI Through Its Chairman And Ors., passed by the Allahabad High Court in Writ-A

No.38560/2016, dated 26.09.2016

g. C.S. Saran Kumar v. UOI and Ors, passed by the Madras High Court in W.P. No.26628/2016, dated 17.08.2016

h. Naresh Sahani and Ors v. FCI and Ors, passed by the Gauhati High Court in W.P.(C) No. 3314/2020, dated 11.11.2020

i. State of West Bengal and Ors v Calcutta Hardware Store and Ors, (1986) 2 SCC 203

j. Cotton Corporation of India Ltd v United Industrial Bank Ltd & Ors, (1983) 4 SCC 625

k. State of U.P. & Ors v Siya Ram and Ors, MANU/SC/0585/2004

l. National Hydroelectric Power Corporation Ltd. v. Shri Bhagwan and Anr, (2001) 8 SCC 574

m. Cipla Ltd v Jayakumar R. and Another, (1999) 1 SCC 300

n. K D Sharma v SAIL, (2008) 12 SCC 481

o. S.P. Chengalvarya Naidu vs Jagannath and Ors, (1994) 1 SCC 1

p. Namrata Verma v State of U.P.

& Ors, passed by the Supreme Court in Special Leave to Appeal (C) No.36717/2017, dated 06.09.2021

q. Rani Devi & Anr v Indo Tibetan Border Police, 2021 SCC OnLine Del 3943

r. State Bank of Travancore vs Kingston Computers India Pvt. Ltd., (2011) 11 SCC 524

(viii) The petitioners are factually wrong on two grounds: first, that FSD Mayapuri is not a depot qua which notification under Section 10 of CLRA

Act had been issued. Second, notification dated 25.06.2020 has not been assailed in the two writ petitions, which are pending before the learned single

judge. Therefore, exemption from provisions of the CLRA Act and the Rules framed thereunder continue to apply to notified depots, godowns and

railheads of FCI.

Analysis and reasons

10. Having heard the learned counsel for the parties, what we are required to adjudicate is: whether the impugned tender notices are legally tenable?

11. What has emerged from the record is the following:

11.1 Section 10 notifications, under the CLRA Act, had been issued qua 289 godowns, depots and railheads of FCI.

11.2 Based on a report published in the Times of India, the Bombay High Court, Nagpur Bench took suo motu action, upon it being noticed that some

workmen were carrying home monthly wages in the range of Rs. 4 lakhs, when other contract labourers were earning a monthly wage of around Rs

10,000. It was also noticed that proxies were used by workmen in connivance with the officials of FCI. The court, after taking into account, the report

of M/s Deloitte Consultancy and the High-Level Committee appointed by the GOI, concluded that FCI could reduce its operational costs by engaging

contract labour that was cheaper and perhaps more efficient. It is in this context that certain directions were issued by the said Court. The operative

directions have already been extracted by us in paragraph 5 above.

11.2(a). A perusal of those directions would show that, amongst other directions, the Court issued two principal directives : First, that FCI would

approach the GOI under Section 31 of CLRA Act, for seeking exemption from provisions of said Act and the rules framed thereunder. Second, GOI

shall decide the issue regarding de-notification of the depots of the FCI in respect of which notification is issued under Section 10 of the said Act,

within six months from the date of the order, in the light of observations made in the judgement, the report of M/s Deloitte Consultancy and the report

of the High-Level Committee appointed by GOI.

11.3. Concededly, GOI i.e., respondent no.1 has not de-notified any of the 289 depots although, from amongst these depots, exemption notification

under Section 31 of the CLRA Act has been issued, with regard to 226 depots. FCI has not placed on record anything, which would suggest to the

contrary. As is evident from the record, two out of three notifications i.e., notifications dated 06.07.2016 and 26.06.2018 are the subject matter of

challenge in W.P.(C) Nos.7627/2016 and 7241/2016.

11.4. Pertinently, in the aforementioned writ petitions i.e., W.P.(C) Nos. 7627/2016 and 7241/2016, the Court has issued orders, whereby FCI has

been directed to maintain the status quo with regards to the transfer of members of the petitioner Unions' concerned in those cases.

11.5. Importantly, FCI's counter-affidavit filed in the instant writ petitions alludes to the fact that notifications dated 06.07.2016 and 26.06.2018, are the

subject matter of challenge, not only in W.P.(C)Nos. 7627/2016 and 7241/2016, but also in two other writ petitions i.e., W.P.(C) No. 6192/2016, titled

Food Corporation of India Workers Union vs. Ministry of Labour & Employment & Ors., and W.P.(C) No.4136/2017, titled Bharatiya Khadya Nigam

Shramik Sangathan vs. Food Corporation of India & Ors. It appears that these four writ petitions are being taken up together with W.P.

(C)No.6192/2016 being the lead writ petition [See order dated 26.09.2019, passed by the learned Single Judge in W.P.(C) Nos.7627/2016, 7241/2016

and 4136/2017].

Learned counsel for the parties jointly submit that the connected petition being W.P.(C) No.6192/2016 which has been directed to be treated as

the lead case is listed on 17.01.2020. They, therefore, pray that the present petitions be also taken up for consideration on the same date. At request,

list on 17.01.2020 along with W.P.(C) No.6192/2016.

11.6. Therefore, we had called for the record of W.P.(C) No. 6192/2016, which revealed that by an order dated 03.09.2019, the writ court had

allowed an application for amendment when the second notification was issued,

i.e., notification dated 26.06.2018. Thus, in pursuance of this order when the third notification was issued i.e., notification dated 25.06.2020, the General Secretary of the petitioner-Union in W.P.(C) 6192/2016 filed an affidavit dated 19.09.2020, bringing on record the said fact. Via this affidavit, leave was sought of the Court to incorporate prayers to assail notification dated 25.06.2020 on the same grounds [on which previous notifications dated 06.07.2016 and 26.06.2018] stood challenged. The affiant, in effect, relying upon the reasoning given in the order dated 03.09.2019, sought exemption from moving a formal application to amend the writ petition, once again. It is not in dispute that the third notification i.e., notification dated 25.06.2020 has a tenure of two years, and will, thus, expire in June 2022.

12. Since the aforementioned three notifications are the subject matter of the writ petitions referred to hereinabove, we do not intend to dwell on them, which is also the contention of Mrs Acharya.

13. As alluded to hereinabove, FCI has also framed guidelines for implementing the notification dated 06.07.2016. These guidelines form the subject matter of a document dated 12.07.2016. A perusal of the said document shows that FCI had proposed to GOI that exempt/de-notify depot/railhead, which stood notified under Section 10 of the CLRA Act. The GOI, instead, issued only an exemption notification under Section 31 of the CLRA Act.

Thus, FCI took recourse to â??poolingâ? its workmen by undertaking inter-depot, inter-district and inter-zone transfers (in exceptional cases). The guidelines provided that, while undertaking transfers, it had to be ensured that workmen did not move to another labour system. As noticed above, after 12.07.2016 guidelines, another communication was issued by FCI dated 31.12.2020, to rationalize â??labour strengthâ?.

14. Thus, what the record discloses is as follows:

(i) That although FCI made a proposal for exempting/de-notifying depots/railheads, the GOI issued only exemption notifications under Section 31 of

CLRA Act, vis-À-vis 226 godowns/depots/railheads, out of a total of 289.

(ii) Even though the Bombay High Court, Nagpur Bench had issued a specific direction to the GOI to de-notify the already notified godowns, depots and railheads within 6 months, no such steps have been taken.

(iii) The Supreme Court, via interlocutory order dated 08.07.2016, as noticed above, and final order dated 31.07.2017 permitted the FCI Workersâ??

Union, FCI Shramik Union and FCI Handling Workers' Union to lay a challenge to the notification issued under Section 31 of the CLRA Act.

(iv) This led to the institution of the aforementioned four writ petitions, out of which three were filed in 2016, while the fourth writ petition was filed in 2017.

(v) As noticed above, status quo order vis-à-vis transfer of members of workmen union operates in W.P.(C) Nos. 7627/2016 and 7241/2016. Insofar

as the other two writ petitions are concerned i.e., W.P.(C) Nos. 6192/2016 and 4136/2017, status quo was directed to be maintained vis-a-vis

conditions of service of members of petitioners-Unions', via orders dated 02.05.2017, passed in the backdrop of Section 31 notification dated

06.07.2016, and 12.05.2017, respectively.

â??C.M. 25364/2016 (for directions)

By way of this application, stay of Notification of 6th July, 2016 exempting the go-down, depots and railhead of Food Corporation of India

under Section 31 of The Contract Labour (Regulation and Abolition) Act, from applicability of notifications of Government of India in

respect of employment of contract labour in different job for a period of two years is sought.

Upon hearing, this application is disposed of with direction that status quo with regard to condition of service in respect of workmen of

petitioner-Union be maintained during pendency of this petition. Application is disposed of.â??

â??C.M.18094/2017

Upon hearing, it transpires that in a similar matter i.e. W.P.(C) 6192/2016, it has been directed that status quo regarding the condition of

service of workmen, who are members of petitioner-Union, be maintained during the pendency of this petition.

On parity basis, this application is disposed of with similar direction.â??

(vi) Even though, the FCI has admitted that a Section 10 notification was issued vis-à-vis FSD Shakti Nagar, it disputes that any such notification

was issued vis-à-vis FSD Mayapuri. The petitioners, who are deployed in FSD Mayapuri, have not filed a rejoinder or placed anything on record, to

establish the contrary.

(vii) Between the date, when Bombay High Court (Nagpur Bench) rendered its decision i.e., 20.11.2015, and FCI framed its guidelines to implement

the exemption notification dated 06.07.2016 i.e., 12.07.2016, FCI had approached the Central Board for lifting the prohibition against employment of

contract labour, vis-à-vis 226 depots and railheads. The Central Board, after considering the matter at length in its 88th Meeting, repelled FCI's

request. The FCI, on its part, did not accept the view of the Central Board, which was put on record via its communication dated 13.04.2016.

(viii) A plain reading of the impugned E-Tender Notice No. 04/2021 would show that FCI intended to employ contract labour in FSD Shakti Nagar,

which concededly, is a depot notified under Section 10 of CLRA Act.

15. Given the aforesaid position, the issue that arises for our consideration, as noticed above, is: whether the FCI, in these circumstances, can deploy

contract labour qua a godown/depot, which stands notified under Section 10 of CLRA Act?

15.1. In our view, once a notification under Section 10 is issued by the appropriate Government, qua an establishment, no contract labour can be

employed to carry out any process, operation or other work in such an establishment. It is only the appropriate government, which can lift the

prohibition against employment of contract labour vis-à-vis the establishment, qua which a notification under Section 10 of the CLRA Act has been

issued.

15.2. The employer and in this case, FCI, has every right to transfer its employees/workmen for administrative/operational reasons; a directive which

a Court will not, ordinarily, interdict except, inter alia, on the grounds of mala fide or where transfer takes place in violation of provisions of a statute or

statutory rule or regulation. Therefore, while we can have no objection to FCI transferring its employees/workmen for administrative/operational

reasons from one depot to another, this cannot be used as a ruse to deploy contract labour in a godown/depot, which is notified under Section 10 of

CLRA Act.

15.3. Thus, while the court cannot possibly come in the way of the steps taken by FCI to enhance its operational efficiency, we do find it difficult to

accept the proposition put forth by FCI that it can deploy contract labour in notified godowns, depots and railheads, and, thus, queer the pitch for

regular employees in the coming days?"which is, that they are not required to carry out operations in notified depots, inter alia, on the ground of enhanced efficiency and intermittent work without going through the rigours of the CLRA Act.

15.4. On the same note, one cannot quibble with the proposition that transfer is an incident of service and therefore, is ordinarily not interfered with by Courts, except where it is imbued with mala fide and is contrary to statutory provisions and policy.

15.5. Therefore, as indicated above, while cannot have any objection to FCI transferring its employees from one depot to the other, we certainly are of the view that if the trigger for such transfer is the deployment of contract labour in notified godowns, depots and railheads?"only to dilute the rationale which formed the basis of their notification under section 10 of CLRA Act in the first instance, that cannot be permitted. Such a step, in our opinion, would be in the teeth of the notifications issued under Section 10 of the CLRA Act as also the directions contained in the judgement dated 20.11.2015, passed by the Bombay High Court (Nagpur Bench).

15.6. FCI, instead of approaching the government for recalling the notification issued under Section 10 of CLRA Act, has taken the route of issuing the impugned tender notice no.4/2021 dated 01.03.2021 to circumvent the provisions of law.

16. It is, therefore, rightly argued on behalf of the petitioners that FCI is attempting to change the texture and contour of the godown/depot in issue, which is the subject matter of W.P.(C) 5080/2021 i.e., FSD Shakti Nagar.

16.1. As far as the other godown/depot is concerned i.e., FSD Mayapuri, since FCI has denied that a notification under Section 10 under CLRA Act has been issued vis-à-vis the said depot and fact that the petitioners in W.P.(C) No.6060/2021 have not filed a rejoinder or placed on record material that would establish that a notification under Section 10 of CLRA Act has been issued, the FCI should be free to take whatever steps it wishes to take for improving its operations in FSD Mayapuri, albeit as per law, as the reasoning provided for FSD Shakti Nagar would not be applicable in the case of the former. In other words, what we have observed hereinabove vis-à-vis FSD Shakti Nagar would not, perhaps, apply to FSD Mayapuri. However, this issue, for the moment may have become academic vis-a-vis FSD Mayapuri,

as the e-tender notice no.5/2021, which is the subject matter of W.P.

(C) 6060/2021, has been withdrawn by FCI.

17. Insofar as the submission made by FCI, that the petitioner should have taken recourse to the provisions of ID Act to assail the impugned e-tender

notices is concerned, the same, to our minds, is misconceived for the reason that challenge to impugned e-tender notices would not be available under

the ID Act. As noticed above, this argument was, in fact, not articulated during the hearing.

18. As regards decisions rendered by other High Courts, on which reliance is placed by FCI, we are of the view that in none of the cases, the crucial

fact which obtains in the instant matter i.e., W.P.(C) No. 5080/2021, which is deployment of contract labour in a godown/depot notified under Section

10 of CLRA Act, has arisen for consideration.

19. To our minds, the objection raised concerning locus standi of the petitioners is also not sustainable, since the petitioners before us are members of

the Workers Unions, which have laid challenge to the exemption notifications, issued under Section 31 of the CLRA Act.

Conclusion

20. Therefore, for the foregoing reasons:

(i) E-Tender Notice No. 4 of 2021, which is the subject matter of W.P.(C) No. 5080/2021, is quashed.

(ii) Since E-Tender Notice No. 5 of 2021, which is assailed in W.P.(C) No. 6060/2021, has been recalled, no operative directions are required to be

issued in the said writ petition.

(iii) Thus, while FCI would be free to transfer its employees/workmen from FSD Shakti Nagar, it cannot supplant the transferred workmen with

contract labour, till such time the notification under Section 10 of the CLRA Act remains operable. Exemption notifications under Section 31 of the

very same Act, which are temporary, issued for an emergent purpose, cannot dilute the rigour of a Section 10 notification.

(iv) It is also made clear that, insofar as the challenge to the aforementioned exemption notifications issued under Section 31 of the CLRA Act are

concerned i.e., 06.07.2016, and 26.06.2018 [and proposed challenge to the notification dated 25.06.2020] is involved, the rights and contentions of the

parties in the aforesaid writ petitions will not be impacted by any of the observations made hereinabove, as the legal tenability of those notifications has not been examined by us.

(v) Since 12.07.2016 guidelines have been framed to implement the notification dated 06.07.2016, issued under Section 31 of the CLRA Act, and the

said notification has been assailed in W.P.(C) Nos.7241/2016 and 7627/2016, we desist from ruling on it, as it may impact the pending litigation. The

same position would obtain, vis-à-vis communication dated 31.12.2020, issued by FCI, as it takes forward the theme contained in the 12.07.2016

guidelines.

21. The above-captioned writ petitions are disposed of, in the aforesaid terms. Consequently, pending applications shall also stand closed.

22. There shall be no order as to costs.